

Message Text

LIMITED OFFICIAL USE

PAGE 01 LONDON 01325 01 OF 02 271746Z

43

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 EB-07 LAB-04 SIL-01 /071 W

----- 050957

R 271737Z JAN 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8460

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 01325

E.O. 11652: N/A

TAGS: OGOV, PINT, ELAB, UK

SUBJECT: PARLIAMENTARY POLITICS OF UNEMPLOYMENT

REF: (A) LONDON 1191; (B) LONDON 1046

SUMMARY - POLITICAL PRESSURES ON GOVERNMENT TO STEM RISING UNEMPLOYMENT ARE MANIFEST IN PARLIAMENT AS WELL AS IN TUC. GOVERNMENT HAS ELECTED TO CONFRONT ITS CRITICS IN FULL SCALE DEBATE JANUARY 29. DECISION TO FORCE ISSUE AT THIS TIME WAS NO DOUBT DICTATED, AT LEAST IN PART, BY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 01325 01 OF 02 271746Z

STRUCTURE OF UNEMPLOYMENT BENEFITS WHICH SUGGESTS PRES-

SURES FOR GOVERNMENT ACTION ARE LIKELY TO GROW. WHILE OUTCOME OF PROCEDURAL VOTE AT CONCLUSION OF DEBATE IS PROBLEMATIC, WE DO NOT CONSIDER IT A SERIOUS THREAT TO GOVERNMENT STABILITY. END SUMMARY.

1. STEADILY RISING UNEMPLOYMENT FIGURES HAVE TRIGGERED UNREST AMONG TUC LEADERS (REF A), PARLIAMENTARY OPPOSITION AND LABOR BACKBENCHERS. FACED WITH THESE PRESSURES AND HOPING TO DISARM INCREASINGLY CRITICAL LEFT-WING OF PARLIAMENTARY LABOR PARTY (PLP), GOVERNMENT HAS SCHEDULED MAJOR DEBATE ON UNEMPLOYMENT SITUATION FOR JANUARY 29. GOVERNMENT IS ALSO REPORTEDLY CONSIDERING OTHER MEASURES TO ALLEVIATE SITUATION (E.G., ADVANCING FINANCE BILL, NORMALLY INTRODUCED IN APRIL, TO MARCH -- SEE SEPTTEL FOR GOVERNMENT'S RESPONSE TO TUC).

2. PLP BACKBENCHERS OF ALL PERSUASIONS WITH WHOM WE HAVE SPOKEN HAVE REVEALED GROWING CONCERN ABOUT UNEMPLOYMENT SITUATION (REF B). MODERATES AND RIGHT-WINGERS STRONGLY SUPPORT GOVERNMENT'S ECONOMIC POLICIES, BUT BELIEVE STRUCTURE OF UNEMPLOYMENT BENEFITS ENSURES GOVERNMENT WILL COME UNDER INTENSIFYING PRESSURE AS YEAR PASSES. WORKERS LOSING JOBS RECEIVE LUMP SUM REDUNDANCY PAYMENTS (UP TO 2,400 POUNDS), PLUS REGULAR UNEMPLOYMENT INSURANCE (MAXIMUM DURATION 10 MONTHS) AND EARNINGS RELATED TO BENEFITS (MAXIMUM DURATION SIX MONTHS), SO SOCIAL AND FINANCIAL HARDSHIP IS CUSHIONED. BEYOND SIX MONTHS, HOWEVER, BENEFITS FALL OFF SLIGHTLY AND AFTER TEN MONTHS VERY SHARPLY AS UNEMPLOYED THEN RECEIVE ONLY NORMAL WELFARE BENEFITS AND, IF ENTITLED, TAX AND OTHER REBATES (ASSUMING WORKER IS NOT EMPLOYED DURING PERIOD). THE PINCH BEGINS AT THIS POINT. BACKBENCHERS BELIEVE UNREST AMONG UNEMPLOYED WILL RISE DRAMATICALLY, WITH CONCOMITANT PRESSURE ON UNION LEADERSHIP, AS EARNINGS-RELATED BENEFITS ARE EXHAUSTED FOR MORE AND MORE WORKERS.

3. PLP LEFT-WINGERS, WHOSE REACTION TO MOUNTING UNEMPLOYMENT IS MORE VISCERAL, PERCEIVE LACK OF GOVERNMENT CON-

SPIERS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LONDON 01325 01 OF 02 271746Z

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 LONDON 01325 02 OF 02 271749Z

43

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 EB-07 LAB-04 SIL-01 /071 W

----- 051059

R 271737Z JAN 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8461

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

LIMITED OFFICIAL USE SECTION 02 OF 02 LONDON 01325

CERN OVER FATE OF UNEMPLOYED. PRESS HAS REPORTED AS MANY AS TWENTY MEMBERS OF TRIBUNE GROUP HAVE THREATENED TO VOTE AGAINST GOVERNMENT OR ABSTAIN ON PROCEDURAL VOTE AT CONCLUSION OF JANUARY 29 DEBATE. OUR DISCUSSIONS WITH TRIBUNITES CONFIRM THEIR PROFOUND DISSATISFACTION WITH GOVERNMENT POLICIES -- "TORY POLICIES CARRIED OUT BY LABOR GOVERNMENT."

4. GOVERNMENT, IN ADDITION TO POSSIBLE DEFECTION OF LEFT-WINGERS, ALSO FACES VOCAL OPPOSITION FROM CONSERVATIVES, THOUGH IT IS STILL NOT CLEAR WHETHER TORIES WILL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 01325 02 OF 02 271749Z

PUSH TO DEFEAT GOVERNMENT ON THIS ISSUE. TIMING OF DEBATE WAS DICTATED BY BELIEF THAT PARLIAMENTARY SITUATION

WILL DETERIORATE DUE TO UNEMPLOYMENT BENEFITS STRUCTURE AND THAT DEBATE WILL DEFUSE ISSUE FOR A FEW MONTHS AT LEAST. GOVERNMENT HAS TABLED MOTION DESIGNED TO ELICIT MAXIMUM SUPPORT FROM BACKBENCHES WHICH, AMONG OTHER THINGS, NOTES REDUCED INFLATION RATE AND IMPROVED BALANCE OF PAYMENTS POSITION, EXPRESSES "DEEP CONCERN" AT RISING UNEMPLOYMENT AND PLEDGES GOVERNMENT TO "TAKE ALL POSSIBLE EFFECTIVE MEASURES TO REDUCE UNEMPLOYMENT SO AS TO ENSURE CONTINUED GROWTH WITH STABLE PRICES." TRIBUNE GROUP IS EXPECTED TO TABLE MOTION CALLING FOR CONTROLLED REFLATION, SELECTIVE IMPORT CONTROLS AND "SOCIALIST INDUSTRIAL STRATEGY."

5. COMMENT: IT IS UNLIKELY, THOUGH NOT IMPOSSIBLE, GOVERNMENT WILL LOSE JANUARY 29 VOTE. SHOULD VOTE BE LOST, WE UNDERSTAND GOVERNMENT WILL IMMEDIATELY TABLE CONFIDENCE MOTION WHICH WILL BRING DEFECTORS BACK TO FOLD AND PREVENT CRISIS. WE ARE INCLINED TO ACCEPT THESIS THAT STRUCTURE OF UNEMPLOYMENT BENEFITS WILL WORK AGAINST GOVERNMENT IN MONTHS TO COME AND BELIEVE THAT ITS TACTICS IN JOINING ISSUE AT THIS TIME ARE PRUDENT.

SPIERS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LABOR RELATIONS, ECONOMIC TRENDS, CENTRAL LEGISLATURE, UNEMPLOYMENT DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LONDON01325
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760031-0111
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760119/aaaaaprp.tel
Line Count: 192
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 LONDON 1191, 76 LONDON 1046
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2004 by KelleyW0>; APPROVED <14 MAY 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PARLIAMENTARY POLITICS OF UNEMPLOYMENT
TAGS: PGOV, PINT, ELAB, UK
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006